

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman;
Mark Acton;
Tony Hammond; and
Nanci E. Langley

Competitive Product Prices
Global Expedited Package Services 3 (MC2010-28)
Negotiated Service Agreement

Docket No. CP2013-72

Public Representative Comments on

NOTICE AND ORDER CONCERNING THE FILING OF AN ADDITIONAL
GLOBAL EXPEDITED PACKAGE SERVICES 3
NEGOTIATED SERVICE AGREEMENT

(July 17, 2013)

In response to Order No. 1775, the Public Representative hereby comments on the July 9, 2013, Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement (Notice).¹

¹ Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, July 9, 2013.

The Postal Service's Notice stipulates that this NSA is consistent with the policies of 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5. Notice at 2. Further, the Notice demonstrates that the agreement is functionally equivalent to the contract that is the subject of Docket No. CP2010-71. Id. at 1. This contract serves as the baseline agreement detailed in Governors' Decision No. 08-7.² The Postal Service states that the Docket No. CP2013-72 contract is fundamentally comparable to the baseline agreement and as a result should be added to the competitive product list as a GEPS 3 contract. Id. at 3. The Notice identifies 25 differences between the proposed contract and the baseline contract. In general, the differences include: the customer's name; revisions to paragraphs; and, Modifications of the Agreement which resulted in the renumbering of some article numbers. Id. at 4 through 6.

Duration of Contract

The contract is intended to become effective on August 1, 2013, the day after the customer's current contract expires.³ The proposed contract is expected to be in effect for one year after its Effective Date. Id. at 3.

Pricing, Cost Coverage and Contribution

The GEPS NSA model provides incentives for a mailer sending large volumes of mail to foreign addressees using Express Mail International and/or Priority Mail International. The contract's pricing reflects appropriate increases in costs and comports with the template in Governors' Decision 08-7, which established the GEPS product.

² The Governors established a pricing formula and classification that ensures each GEPS contract meets the criteria of 39 U.S.C. § 3633 and the regulations promulgated thereunder. Therefore, the costs of each contract conform to a common description. In addition, the GEPS language proposed for the MCS requires that each GEPS contract must cover its attributable costs.

³ Order No. 1391.

Conclusion

After reviewing all materials filed in this docket, to include documents filed under seal, and comparing materials of this agreement with the corresponding baseline agreement, the Public Representative acknowledges that the pricing in the present GEPS 3 contract appears to comport with the applicable statutory and regulatory requirements. In addition, the proposed modifications to the contract appear reasonable. Based on the information provided in this contract, it appears that the contract will generate sufficient revenues to cover attributable costs. In addition, this contract employs pricing incentives based upon volumes and other provisions favorable to the Postal Service, NSA Partner, and the public.

Respectively Submitted,

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